

Form ADV Part 2A

Firm Brochure

Security Capital Research & Management Incorporated

File No. 801-53815

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This brochure provides information about the qualifications and business practices of Security Capital Research & Management Incorporated ("Security Capital"). If you have any questions about the contents of this brochure, please contact us at (312) 385-8300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Security Capital, including a copy of our Form ADV Part I, also is available on the SEC's website at www.adviserinfo.sec.gov.

Security Capital is registered as an investment adviser with the SEC. Such registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2
Material Changes

There were no material changes to the Security Capital's Form ADV Part 2A (commonly referred to as the "Brochure") since the last annual update of the Brochure dated March 31, 2011.

Clients may request a copy of Security Capital's current Brochure by contacting their client service representative or financial adviser.

ITEM 3

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ITEM 4

Advisory Business

A. General Description of Advisory Firm

Security Capital Research & Management Incorporated ("Security Capital" or the "Adviser") is part of J.P. Morgan Asset Management ("JPMAM"), which is the marketing name for the asset management businesses of JPMorgan Chase & Co. ("JPMC"), a publicly traded company, and its affiliates worldwide. Security Capital is wholly-owned by JPMorgan Asset Management Holdings Inc. which is a subsidiary of JPMC. Security Capital was incorporated in Delaware on December 30, 1996. Security Capital is registered with the SEC as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act").

B. Description of Advisory Services

Security Capital is a boutique investment management company with an exclusive focus on investments in publicly traded real estate securities. Security Capital manages \$5.3 billion in assets (as of December 31, 2011) and employs a deep team of 21 professionals. Security Capital's three-member Portfolio Management Committee makes all investment decisions. The Committee evaluates all real estate research, company specific analysis and recommendations presented by the Research and Analysis, and Market Strategy teams in order to identify investments that present the greatest opportunity to achieve the objectives of the specific strategy. The Portfolio Management Committee members, Anthony R. Manno Jr., Kenneth D. Statz, and Kevin W. Bedell, each have consistent tenure with Security Capital since inception, and together have a combined average of over 31 years of experience.

Security Capital's primary investment services include:

- managing institutional separate accounts;
- acting as investment adviser and sub-adviser to third party and affiliated registered investment companies and a private fund; and
- managing privately managed accounts for individuals participating in wrap fee programs.

C. Availability of Customized Services for Individual Clients

Security Capital makes investments for clients in accordance with mutually agreed upon written investment guidelines and provides continuous supervision of client portfolios. Investment services can be tailored for each client's needs and objectives, and clients may impose restrictions on investing in certain securities or types of securities.

D. Wrap Fee Programs

Security Capital serves as an investment manager in one or more "wrap fee" programs that are offered by third party and affiliated wrap fee program sponsors. A wrap fee program is an investment advisory

program under which a client pays a specified fee to the program sponsor for investment advisory services and the execution of client transactions. Wrap fee program clients may select the Adviser from a list of investment managers presented to the client by registered representatives of the sponsor. Wrap fee program clients are typically high net worth individuals. The program sponsor has primary responsibility for client communications and service, and the Adviser provides investment management services to the clients. The program sponsor generally arranges for payment of the Adviser's advisory fees on behalf of the client, monitors and evaluates the Adviser's performance, executes the client's portfolio transactions and in some cases provides custodial services for the client's assets, for a single fee paid by the client to the sponsor. The Adviser receives a portion of the wrap fee for its services.

In general, the Adviser manages wrap fee accounts in a similar manner to its other accounts. However, there are certain differences in the way the Adviser manages wrap fee accounts compared to its other client accounts. For example, wrap fee accounts generally will not participate in initial public offerings due to regulatory concerns, and the Adviser does not have the discretion to select broker-dealers for wrap fee accounts. For additional information regarding the broker-dealer selection process please see Item 12.A.

The Adviser makes investment decisions regarding the selection of investments for the wrap fee account and the total amount of securities bought and sold for such accounts without consultation with the client. However, the Adviser's investment decisions are limited by the clients stated investment objectives, guidelines, or other instructions provided by the client.

Bundled wrap fee program clients should be aware that services comparable to those provided to a bundled program client might be available to the client at lower aggregate cost elsewhere on an "unbundled" basis. The Adviser also manages client assets in unbundled wrap fee programs. At the clients' discretion and direction, fees may be unbundled for various services and negotiated separately by the client including, but not limited to, investment management, custody, administration and trade execution, although this fee typically covers only investment management services and not custody and brokerage services. In unbundled arrangements the Adviser may execute transactions with broker-dealers directed by the client or selected by the Adviser.

E. Assets Under Management

As of December 31, 2011, Security Capital had assets under management in the amounts set forth below:

Assets managed on a **discretionary** basis: \$4,972,376,991

Assets managed on a **non-discretionary** basis: \$297,934,903

ITEM 5

Fees and Compensation

A. Advisory Fees and Compensation

Security Capital's annual investment advisory service fee is calculated as a percentage of the market value of the assets it manages. To the extent permitted under the Advisers Act, the Adviser may negotiate and charge performance fees, as well as asset-based fees. For an additional discussion of performance-based fees, please refer to Item 6.

The Adviser's fee schedule may vary depending on the type of managed account and may, in certain circumstances, be subject to negotiation. The standard annual fee schedules for the most often utilized investment strategies are set forth below.

<u>Growth & Income</u>	Assets Under Management	Fee as a % of Assets
First	\$ 10,000,000	1.00%
Next	\$ 15,000,000	.75%
Next	\$ 25,000,000	.70%
Next	\$ 25,000,000	.65%
Next	\$ 25,000,000	.60%
Next	\$ 25,000,000	.55%
Next	Balance	.50%
Minimum investment: \$1,000,000		

<u>Focus Select</u>	Assets Under Management	Fee as a % of Assets
First	\$ 10,000,000	1.25%
Next	\$ 15,000,000	1.00%
Next	\$ 25,000,000	.95%
Next	\$ 25,000,000	.90%
Next	\$ 25,000,000	.85%
Next	\$ 25,000,000	.80%
Next	Balance	.75%
Minimum investment: \$1,000,000		

<u>Liquid Core</u>	Assets Under Management	Fee as a % of Assets
First	\$ 10,000,000	1.00%
Next	\$ 15,000,000	.85%
Next	\$ 25,000,000	.75%
Next	\$ 25,000,000	.70%
Next	\$ 25,000,000	.65%
Next	\$ 25,000,000	.60%
Next	Balance	.55%
Minimum investment: \$10,000,000		

<u>Target Balanced</u>	Assets Under Management	Fee as a % of Assets
First	\$ 10,000,000	1.25%
Next	\$ 15,000,000	1.10%
Next	\$ 25,000,000	1.00%
Next	\$ 25,000,000	.95%
Next	\$ 25,000,000	.90%
Next	\$ 25,000,000	.85%
Next	Balance	.80%
Minimum investment: \$10,000,000		

In certain circumstances in which the Adviser provides other services in addition to investment advisory services, a higher fee schedule may apply. From time to time, and under specific situations (which generally involve account size, investment strategy, account servicing requirements and material aspects of a client's overall relationship with the Adviser and its asset management affiliates), the Adviser may agree to lower advisory fees on a case by case basis.

Fee schedules are available upon request for other investment products. Fees for such investment products may be higher than those set forth above. The prospectus of each mutual fund advised or sub-advised by the Adviser sets forth the applicable fees and expenses. The offering memorandum, subscription agreement and/or other governing document of each unregistered pooled investment fund sets forth the applicable fees and expenses.

The Adviser has several clients for whom tailored performance-based compensation arrangements have been provided. Although such arrangements vary by client, in general, the fees consist of two components. The first component is an annual base fee, computed as a percentage of assets under management. The second component is a performance fee, earned by the Adviser only if the annual rate of return of the portfolio exceeds a specific benchmark or return target. The performance fee may be expressed by a percentage of total assets under management or as a percentage of the portfolio rate of return in excess of the benchmark or target return.

The Adviser receives compensation for investment management services it provides in connection with wrap fee programs, which is payable quarterly and calculated as a percentage of the assets under management of the wrap fee program. Such compensation ranges from 0.45% - 0.50% annually, based on investment mandate and sponsor.

B. Payment of Fees

For institutional separate accounts, clients may select to have the Adviser bill the client for fees incurred, or the client may agree to instruct its custodian to deduct advisory fees directly from the client's account. The Adviser generally charges fees after services have been rendered, at the end of each calendar quarter, at one-fourth of the annual rate.

Wrap fee program clients should review the terms and conditions of the wrap fee program or contact the program sponsor regarding fees and billing arrangements. The Adviser does not bill wrap fee program clients or deduct fees from such clients' accounts. In general, the wrap fee program sponsor bills the program's clients or deducts fees from the client's accounts, and the program sponsor compensates the Adviser for its advisory services.

C. Additional Fees and Expenses

Brokerage commissions, taxes, charges and other costs related to the purchase and sale of securities for a client's account are charged to and paid from the account. See Item 12 for additional information regarding the Adviser's brokerage practices. In most cases clients establish a custody account under a separate agreement with a custodian bank, and the client will incur a separate custody fee for the custodian's services. The custodian may be an affiliate of the Adviser.

D. Prepayment of Fees

The Adviser charges institutional account advisory fees in arrears and such fees are not paid in advance.

However, some wrap fee program sponsors require that their fees be paid in advance. In such cases, the wrap fee program sponsor will be responsible for refunds if participation in the program is terminated before the end of the billing period. Wrap fee program clients should review the terms and conditions of the wrap fee program or contact the wrap fee program sponsor regarding arrangements for refunds of pre-paid fees.

E. Additional Compensation and Conflicts of Interest

The Adviser does not receive commissions or other compensation from third parties for the sale of securities or other investment products.

ITEM 6**Performance-Based Fees and Side by Side Management**

Clients of Security Capital pay various types of fees for investment advisory and portfolio management services. For example, institutional account fees may be determined on a fixed rate, sliding scale or incentive basis. Most client accounts are charged fees based on a percentage of assets under management and certain accounts are also charged an incentive or performance-based fee. Generally, these performance-based fees are calculated on a share of capital gains or on capital appreciation of a client's assets. As part of the initial acceptance process, clients will work with Security Capital to determine the fee structure that best fits their specific needs. Security Capital's fee structure is more fully described in Item 5.

Security Capital portfolio managers manage multiple accounts including those that are charged an incentive or performance fee and those that are charged fixed fees based on percentage of assets under management. The management of portfolios that are charged different types of fees and are managed by the same portfolio manager can create a conflict of interest. For example, a portfolio manager may manage one portfolio that is charged a fixed rate based on assets under management alongside another portfolio that is charged a fee based upon investment performance of the portfolio over a specified period. This portfolio management relationship is often referred to as "side-by-side management." Side-by-side management may incentivize a portfolio manager to allocate certain investments to the portfolio that is charged a performance fee rather than to the fixed rate portfolio which may result in higher returns for the performance fee portfolio. By managing the portfolios in this way the portfolio manager would increase the fee received for managing the performance fee portfolio.

JPMIM is guided by fiduciary principles in the management of conflicts of interest. Put simply, JPMIM is expected to always act in the best interests of our clients. JPMIM's fiduciary obligation applies in every aspect of our dealings with clients regardless of the account relationship, assets under management or fee structure. JPMIM takes its fiduciary obligation very seriously. The JPMIM Compliance Department has established controls to mitigate conflicts of interest such as side-by-side management. In order to do so, the JPMIM Compliance Surveillance Team maintains a Surveillance Program that is regularly reviewed and updated. The JPMIM Compliance Surveillance Team is responsible for monitoring a suite of trading surveillance reports which address conflicts of interest, including without limitation, side-by-side management and other regulatory requirements. All performance fee portfolios are specifically identified so that transactions for these accounts can be monitored.

The JPMAM Compliance Surveillance Team has established the following surveillance reporting tool for the purpose of managing conflicts of interest related to side-by-side management:

Performance Fee Account Trading Conflict Report – A daily report which captures trades in the same security, by the same portfolio manager, in similarly managed performance fee and non-performance fee portfolios. The report identifies price and allocation differences amongst a portfolio manager's performance fee portfolios and non-performance fee portfolios. The Compliance Surveillance Team identifies and investigates the reason for price differences with the relevant portfolio manager and trader as necessary.

ITEM 7
Type of Clients

Security Capital provides investment advisory services primarily to institutional clients and registered investment companies. The Adviser may also provide investment advisory services to individual investment clients participating in wrap fee programs as described in Item 4.D. The Adviser may impose a minimum asset value for investment management clients. However, these minimums may be waived at the Adviser's discretion.

Depending on the strategy, the Adviser generally requires a \$1 - \$10 million minimum account size for separate account mandates. In addition, a larger minimum account balance may be required for certain types of accounts that require extensive administrative effort, while certain alternative investment products and separate account wrap fee programs may have lower minimum requirements.

ITEM 8**Method of Analysis, Investment Strategies and Risk of Loss****A. Methods of Analysis and Investment Strategies**

Security Capital employs a bottom-up investment process combining active fieldwork, interaction with real estate company management, scrutiny of public filings, and detailed cash flow analysis. Security Capital's primary valuation tool is a five-year discounted cash flow model tailored to each company and the properties owned by that company. Security Capital's Research & Analysis and Market Strategy Teams analyze the amount, predictability, volatility, transparency, and sustainability of cash flow generated by a company and its properties, as well as its growth potential over an anticipated holding period. The investment process analyzes all investment opportunities using the same strict underwriting criteria, and on an ongoing basis, is used to monitor existing positions. All of the firm's research is conducted in-house and Security Capital's Portfolio Management Committee directs all investment decisions and oversees the investment process.

Security Capital offers investment strategies broadly categorized as core, income and opportunistic strategies. The most often utilized institutional separate account investment strategies are described below:

Security Capital Growth & Income

Security Capital Growth & Income is an actively managed core portfolio of 20-25 real estate common equity securities designed for long-term investors seeking current income and capital appreciation through real estate investments. Securities from major real estate asset types are included in the portfolio.

Security Capital Focus Select

Security Capital Focus Select is an actively managed core portfolio of 10-15 real estate securities designed for long-term investors seeking to maximize total rate of return. Security Capital Focus Select seeks to identify long-term trends and targets a 12-18 month holding period for securities in the portfolio. Securities from major real estate asset types are included in the portfolio.

Security Capital Target Balanced/Liquid Core

Both the Security Capital Target Balanced and Security Capital Liquid Core strategies blend exchange-listed real estate securities from all capital tranches, tailored to a range of investor risk-adjusted return objectives.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies

The Adviser uses a variety of investment strategies, types of securities and investment techniques, depending on the requirements of the client and the investment guidelines associated with the client's account. All strategies are subject to management risk and an account or fund may not achieve its objective if the Adviser's expectations regarding particular securities or markets are not met. The Adviser discloses the risk factors for a particular strategy to the client and in the case of pooled investment funds,

discloses the risk factors associated with the fund's investment strategy in the prospectus, offering memorandum or other materials of the fund.

Set forth below are certain material risk factors that are often associated with the investment strategies and types of investments relevant to most of the Adviser's clients. The information included in this brochure does not include every potential risk associated with each investment strategy or applicable to a particular client account. Clients are urged to ask questions regarding risk factors applicable to a particular strategy or investment product, read all product-specific risk disclosures, and determine whether a particular investment strategy or type of security is suitable for their account in light of their circumstances, investment objectives and financial situation.

Equity Securities Risk: Certain strategies invest in common and convertible equity securities that are more volatile and carry more risks than some other forms of investment. The price of equity securities may rise or fall, sometimes rapidly and unpredictably, because of economic or political changes or changes in a company's financial condition. These price movements may result from factors affecting individual companies, sectors or industries selected for a portfolio or the securities market as a whole, such as changes in economic or political conditions.

High Yield Securities Risk: Certain strategies invest in securities and instruments that are issued by companies that are highly leveraged, less creditworthy or financially distressed. These investments (known as junk bonds) are considered to be speculative and are subject to greater risk of loss, greater sensitivity to interest rate and economic changes, valuation difficulties, and potential illiquidity.

Interest Rate and Credit Risk: Portfolio investments in convertible securities, bonds, other debt securities and perpetual preferred securities will change in value based on changes in interest rates. If rates rise, the value of these investments generally drops. These investments are subject to the risk that a counterparty will fail to make payments when due or default completely. If an issuer's financial condition worsens, the credit quality of the issuer may deteriorate making it difficult for the portfolio to sell such investments.

Non-Diversification of Investments: Security Capital's investments are concentrated in the securities of companies in the real estate industry. Therefore, Security Capital accounts are subject to the risks similar to those associated with the direct ownership of real estate. Additionally, Security Capital uses a high conviction strategy in which there is increased concentration in fewer issuers. This may result in a client's portfolio being more sensitive to the economic results of those issuing the securities.

Real Estate Securities Risk: The value of real estate securities in general, and Real Estate Investment Trusts ("REITs") in particular, are subject to the same risks as direct investments in real estate and mortgages, and their value will be influenced by many functions including the value of the underlying properties or the underlying loans or interests. The underlying loans may be subject to the risks of default or of prepayments that occur earlier or later than expected and such loans may also include so-called "subprime" mortgages, commercial mortgage-backed securities, etc. The value of these securities will rise and fall in response to many factors, including economic conditions, the demand for rental property, interest rates and, with respect to REITs, the management skill and creditworthiness of the issuer. In particular, the value of these securities may decline when interest rates rise and will also be affected by the real estate market and by the management of the underlying properties. REITs may be more volatile and/or more illiquid than other types of equity securities.

Smaller Companies Risk: Certain strategies may invest in securities of smaller companies. Investments in smaller and newer companies may be riskier than investments in larger and more established companies. Securities of smaller companies tend to be less liquid than securities of larger companies. In addition, small companies may be more vulnerable to economic, market and industry changes. Because economic events have a greater impact on smaller companies, there may be greater and more frequent changes in their stock price. This may cause unexpected and frequent decreases in the value of an account's investments. Finally, emerging companies in certain sectors may not be profitable and may not realize earnings profits in the future.

Tax Risk: REITs, other securities, and investment vehicles in which a client's portfolio may invest are subject to complicated Internal Revenue Code rules. The tax laws that apply to investments have the potential to create negative tax consequences for certain client types, including, in particular, charitable remainder trusts and non-U.S. taxpayers. There is a risk that the issuer of REIT securities will fail to comply with certain requirements of the Internal Revenue Code, which could cause adverse tax consequences.

C. Risks Associated With Particular Types of Securities

See Item 8.B. for a summary of the risks associated with certain types of securities and asset classes.

ITEM 9
Disciplinary Information

A. Criminal or Civil Proceedings

The Adviser has no material civil or criminal actions to report.

B. Administrative Proceedings Before Regulatory Authorities

The Adviser has no material administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority to report.

C. Self Regulatory Organization (SRO) Proceedings

The Adviser has no material SRO disciplinary proceedings to report.

ITEM 10**Other Financial Industry Activities and Affiliations****A. Broker-Dealer Registration Status**

Although Security Capital is not a broker-dealer some of Security Capital's management persons are registered with the Financial Industry Regulatory Authority ("FINRA") as representatives of J.P. Morgan Institutional Investments Inc. ("JPMII"), an affiliated broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

Although Security Capital is not registered with the National Futures Association ("NFA"), one of Security Capital's management persons is registered with the NFA as an Associated Person of an affiliated investment adviser.

C. Material Relationships or Arrangement with Industry Participants

The Adviser is part of a large financial services firm. In connection with providing investment advisory services to its clients, the Adviser may use the products or services of its affiliates or other related persons, as described below.

The Adviser may provide investment management services to affiliated registered investment advisers. The Adviser currently serves as the investment adviser to the JPMorgan U.S. Real Estate Fund, which is an investment portfolio of JPMorgan Trust II, and to the Security Capital U.S. Core Real Estate Securities Fund, which is an investment portfolio of JPMorgan Trust I. Both funds are registered open-end management investment companies.

The Adviser also serves as investment adviser to an unregistered private fund. The Adviser intends to use JPMII to facilitate the distribution of this private fund.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Security Capital does not recommend or select other investment advisers for clients for direct or indirect compensation from those advisers. Security Capital does not have business relationships with other investment advisers that create a material conflict of interest.

ITEM 11**Code of Ethics, Participation or Interest in Client Transactions, Personal Trading and Other Conflicts of Interest****A. Code of Ethics**

The JPMC Code of Conduct (the “Code of Conduct”) is a collection of rules and policy statements intended to assist JPMC employees and directors in making decisions about their conduct in relation to the firm's business. The Code of Conduct applies to all JPMC employees (including employees of Security Capital) and all employees are required to comply with its terms as a condition of continued employment. In addition, Security Capital employees must also adhere to the JPMAM Code of Ethics (the “Code of Ethics”), which establishes more stringent standards than the Code of Conduct and reflects the fiduciary obligations of Security Capital and its supervised persons. Security Capital and its registered investment advisory affiliates have adopted the Code of Ethics pursuant to Rule 204A-1 under the Advisers Act. A copy of the Code of Ethics is available free of charge upon request by contacting your client service representative or financial adviser.

The Code of Ethics requires JPMAM's employees and other supervised persons to place the interests of JPMAM clients before their own personal interests at all times and to avoid any actual or potential conflict of interest. All real or potential conflicts of interest must be disclosed to the Compliance Department, including those resulting from an employee's business or personal relationships with customers, suppliers, business associates, or competitors of JPMC, or with other JPMC employees. Certain transactions or activities may be restricted by the Code of Conduct, the Code of Ethics or Compliance policies. The Code of Ethics contains policies and procedures relating to:

- Personal trading policies, including reporting and pre-clearance requirements for certain personnel of the Adviser.
- Confidentiality obligations with respect to clients and compliance with policies, procedures and training requirements regarding securities laws, privacy, the Bank Secrecy Act, anti-money laundering and related matters.
- Conflicts of interest, including policies relating to restrictions on trading in securities of clients and suppliers, gifts and entertainment, political and charitable contributions and outside business activities.

In general, the personal trading rules under the Code of Ethics require that accounts of employees and associated persons be maintained with a designated broker and that all trades in reportable securities for such accounts be pre-cleared and monitored by compliance personnel. The Code of Ethics also prohibits certain types of trading activity, such as short-term and speculative trades. Employees of the Adviser generally must obtain approval prior to engaging in all security transactions, including those issued in private placements. In addition, certain employees of the Adviser may not be permitted to buy or sell securities issued by JPMC in certain periods throughout the year prior to and following announcement of quarterly earnings. Certain “Access Persons” (generally defined as, persons with access to non-public information regarding the Adviser's recommendations to clients or purchases or sales of securities for client accounts and advised funds) are prohibited from executing personal trades in a security or similar instrument five business days (typically seven calendar days) before and after a client or fund managed by that Access Person transacts in that security or similar instrument.

JPMC is a global financial services firm that provides a variety of services for, and advice to, many types of clients. While providing such services, some divisions of JPMC, such as investment banking and the Adviser's private equity business, routinely have access to confidential information, some or all of which may be material, non-public information, (i.e., "inside information"). In order to prevent the flow of inside information from a so-called "insider" area to a "public" area of JPMC, JPMC has established informational barriers that seek to prohibit anyone in an insider area from communicating any non-public information, to anyone in a public area. In order to prevent the inadvertent flow of such information, employees in insider areas are generally physically segregated from employees in public areas. Furthermore, the Adviser safeguards investment research and analysis on which its investment decisions are based to prevent "front running" (i.e., the misuse of such information prior to the execution of a trade on behalf of clients). However, subject to certain constraints, employees of the Adviser generally may discuss "best practices" or topics of a general, non-confidential nature with other employees of the Adviser and other parts of JPMC.

From time to time, the Adviser and its employees may acquire inside information from non-JPMC sources. However the inside information may be obtained, in compliance with JPMC's information sharing policies and insider trading policy, the Adviser and its employees are prohibited from using such information to buy or sell securities until such information has been disclosed to the public or is no longer material.

In addition, as part of a global financial services firm, as a result of applicable law and/or other conflicts of interest concepts, the Adviser may be precluded from effecting or recommending transactions in certain client portfolios. As a result, from time to time, client portfolios managed by the Adviser may be precluded from acquiring, or disposing of, certain securities or instruments. This includes, but is not limited to, the securities issued by JPMC. However, with respect to voting proxies on behalf of the Adviser's clients, the Adviser, as a fiduciary, will vote proxies independently and in the best interests of its clients, as described below.

In certain circumstances, the Adviser may conclude that certain transactions in a particular security need to be restricted and therefore, the security may be placed on a so-called "restricted list" and/or "watch list". While the security is on the restricted list and/or watch list, the Adviser may prohibit purchases, sales or all transactions in the security. The reasons for placing a security on the restricted list and/or watch list include, but are not limited to: (i) preventing the Adviser from exceeding regulatory investment limitations with respect to the securities of companies in certain regulated industries, such as insurance companies and public utilities; (ii) avoiding a concentration in any particular security; (iii) buttressing an information barrier by preventing the appearance of impropriety in connection with trading decisions or recommendations; and (iv) preventing the use or appearance of the use of inside information.

B. Securities In Which the Adviser or a Related Person Have a Material Financial Interest

The Adviser may purchase or sell for client accounts securities in which it, or related persons, has a financial interest. The Adviser's related persons may issue recommendations on securities held by the Adviser's client portfolios that may be contrary to investment activities of the Adviser. Additionally, employees of the Adviser, or its related persons, may hold the same or similar securities as client portfolios, and from time to time may recommend such securities for purchase or sale in clients' portfolios in the normal course of business. Similarly, employees of the Adviser and its related persons who maintain private equity interests may hold the same or similar interest as client portfolios. The Adviser has established informational barriers and has adopted various policies and safeguards in order to

address conflicts of interest that may arise from such activities. For additional information regarding such informational barriers, policies and safeguards, please see Item 11.A.

The Adviser may, from time to time, and subject to applicable law, cause a client's account to buy or sell securities or assets from a related person of the Adviser (a principal transaction), subject to receipt of the client's consent, if the Adviser reasonably believes the transactions will be in the best interests of the client. The Adviser will notify the client that the trade will be conducted on a principal basis with a related person and obtain the client's consent prior to the completion of the transaction. Before entering into a principal transaction with a related person, the Adviser will attempt to obtain competitive quotes from non-related persons that the Adviser reasonably believes are in a position to quote favorable prices for the transaction.

BSAM does not enter into securities lending arrangements for its clients. However, some clients may enter into separate securities lending arrangements with their custodians. In such cases, the client and its custodian are responsible for complying with any requirements that accompany such arrangements.

In executing transactions for the accounts BSAM manages, BSAM generally does not consider whether a client has entered into a securities lending arrangement. As a result, BSAM may execute a transaction with respect to a security that is currently unavailable pursuant to the client's securities lending arrangement.

If permitted in writing by a client, from time to time the Adviser may effect client transactions on an agency basis in securities and futures and options through affiliated broker/dealers when, in the Adviser's judgment, the transactions are consistent with its duty of best execution. The Adviser's affiliate may be entitled to receive a commission for effecting these transactions. These transactions may be effected through affiliated firms even though the total commission for the transaction may exceed the commission charged by another unaffiliated firm for the same transaction.

In addition, in some instances a security to be sold by one client account may independently be considered appropriate for purchase by another client account. In such cases, the Adviser may cause the security to be "crossed" or transferred directly between the relevant accounts at an independently determined market price and without incurring brokerage commissions, although customary custodian fees and transfer fees may be incurred (no part of which will be received by the Adviser). No such transactions will be effected unless the Adviser determines that the transaction is in the best interest of each client account and permitted by applicable law.

Furthermore, the Adviser's related persons may provide futures execution/or clearing services for a fee. For certain institutional accounts the Adviser or a related person may execute client directed orders through a related person on an agency basis. In such cases, the Adviser or related person will be acting in a fiduciary capacity and the other related person will receive normal consideration for services rendered. Please refer to Item 12.A.3 for additional information regarding conflicts of interest associated with directed brokerage.

The trading practices of the Adviser and its related persons may conflict with the trading activities of the Adviser's clients and/or the clients of its advisory affiliates. For example, the Adviser manages separate accounts which hold securities of non-public companies distributions of securities received as a result of direct or indirect investments in non-public companies. In the course of managing these separate accounts, the Adviser may be the recipient of research from the Adviser's advisory affiliates and possibly related persons.

The Adviser may invest in direct private equity offerings which involve an advisory affiliate and/or related person who are participants in the offering. Although clients of the Adviser may participate in the same offering at the same purchase price as the Adviser, advisory affiliates and/or related persons may sell prior to, and at a higher price than the Adviser's clients. Similarly, the Adviser may participate in such offerings at a higher price than advisory affiliates and/or related persons that may already hold an equity position in the issuer. Such investments may provide a return of capital for an existing investment by a related person. In order to address potential conflicts of interest arising from such activities, the Adviser has created a process for direct investing which includes a requirement to pre-clear direct investments with the Conflicts Office. The Conflicts Office reviews activities across JPMC that could give rise to actual or perceived conflicts of interest and associated reputational risk. The Conflicts office works closely with Legal, Compliance and senior business heads to address any such conflicts.

The Adviser or related person may, from time to time, make a proprietary investment in U.S. or non-U.S. pooled investment vehicles that may also include client assets managed by the Adviser or another unaffiliated entity. Such investment may also involve the Adviser receiving representation on the pooled investment's board of directors, advisory committee or other similar position, in accordance with Security Capital policy, and the Adviser's participation in general operating activities. Additionally, the Adviser's employees may invest in accounts managed by the Adviser and to the extent applicable, the Adviser's employees may benefit from the investment performance of those funds and accounts. In order to manage conflicts of interest that arise in connection with such activity, the Adviser requires all employees to report their participation on the board of directors, advisory committee or other similar position to the JPMC corporate secretary and the Compliance Department. The Compliance Department is responsible for monitoring the activities of employees holding such positions for compliance with Security Capital policies.

If permitted by a client's investment objectives, and subject to compliance with applicable law regulations and exemptions, the Adviser may purchase securities for client accounts during an underwriting or other offering of such securities in which a broker-dealer affiliate of the Adviser acts as a manager, co-manager, underwriter or placement agent. The Adviser's affiliate may receive a benefit in the form of management, underwriting or other fees. Affiliates of the Adviser may also act in other capacities in such offerings and the affiliate may receive a fee, compensation, or other benefit for such services.

From time to time, the Adviser or its affiliates may engage in transactions that may be deemed investments in an affiliate. For example, the Adviser may purchase on behalf of its clients securities offered by a company in which the Adviser is a current investor, or in which an employee and/or an affiliate of the Adviser may serve as a director, officer or in other capacities. Depending on the percentage of the issuer company's securities held by the Adviser, and the type of investment vehicle holding the securities, the Adviser or its affiliate may become an affiliate of the issuer company. Such

transactions may cause the Adviser or its affiliates to receive a direct or indirect benefit (i.e., the Adviser may receive advisory fees on the portion of client holdings invested in such affiliated issuers).

Purchases involving affiliated broker-dealers, or other affiliates of the Adviser, must comply with the Advisers Act, the Investment Company Act and any other applicable laws or prohibited transaction exemptions.

In addition, the Adviser may, subject to applicable law, participate in structured fixed income offerings of securities in which a related person may serve as trustee, depositor, originator, service agent or other service provider, on behalf of issuer in which fees will be paid to such related person. The related person may act as originator of loans or receivables for the structured fixed income offerings in which the Adviser may invest for clients. Participations in such offerings may directly or indirectly relieve obligations of a related person.

From time to time and subject to applicable law, the Adviser may invest in fixed income or equity instruments or other securities that represent a direct or indirect interest in securities of the Adviser or one of its affiliates. The Adviser will receive advisory fees on the portion of client holdings invested in such instruments or other securities, and may be entitled to vote or otherwise exercise rights and take actions with respect to such instruments or other securities on behalf of its clients. Generally, such activity occurs when a client account targets the returns of certain indices in which the securities of the Adviser or one of its affiliates is a key component. The Adviser has implemented certain guidelines for rebalancing a client's portfolio when it involves the purchase or sale of the securities of the Adviser or one of its affiliates and minimizes the level of investment in securities of the Adviser and its affiliates. In addition, the Adviser utilizes a third party proxy voting firm to vote shares of the securities of the Adviser or one of its affiliates that are held in a client account.

When permitted by applicable law and a client's investment guidelines, and when considered by the Adviser to be in the client's best interest, the Adviser may invest the assets of the client in various collective investment vehicles and other securities investment vehicles with respect to which the Adviser or its affiliates may receive compensation for advisory, administration, trust or other services. When required by law, client consent will be obtained with respect to these investments. Also, the Adviser may waive its investment advisory fee with respect to assets invested in the fund or investment vehicle.

C. Investing in Securities That Adviser or a Related Person Recommends to Clients

Subject to the Code of Ethics, the Adviser also may recommend investments in securities in which employees, officers or directors of the Adviser or its affiliates may, directly or indirectly, have a position or an interest.

D. Conflicts of Interest Created by Contemporaneous Trading

Under the Code of Ethics, all employee trades require pre-clearance, and employees are required to report investment accounts and holdings to our Compliance Department on a quarterly basis. Security

Capital does not permit its employees to buy real estate securities, except that Security Capital employees may invest in registered investment companies (open-end or closed-end mutual funds) advised by Security Capital or its affiliates. Employees may periodically invest in Security Capital's private fund if they meet SEC "Knowledgeable Employee" standards.

E. Other Conflicts of Interest

The potential for conflicts of interest exists when the Adviser's portfolio managers manage accounts with similar investment objectives and strategies. Potential conflicts may include, for example, conflicts in the allocation of investment opportunities for similar accounts.

Responsibility for managing the Adviser's client portfolios is organized according to investment strategies within asset classes. Generally, client portfolios with similar strategies are managed by portfolio managers in the same portfolio management group using the same objectives, approach and philosophy. Therefore, portfolio holdings, relative position sizes and industry and sector exposures tend to be similar across similar portfolios, which may reduce the potential for conflicts of interest.

The Adviser may receive more compensation with respect to certain similar accounts or may receive compensation based in part on the performance of some of its similar accounts. Potential conflicts of interest may arise with the allocation of securities transactions and allocation of limited investment opportunities, particularly for accounts that allow for the use of leverage. In certain instances portfolio managers may manage accounts' with less restrictive investment guidelines allowing for the use of leverage. In such accounts the portfolio manager generally will allocate securities based on the account's market value inclusive of the desired leverage, causing a potential conflict of interest. Allocations of aggregated trades, particularly trade orders that were only partially completed due to limited availability and allocation of investment opportunities generally, could raise a potential conflict of interest, as the Adviser may have an incentive to allocate securities that are expected to increase in value to favored accounts. New issue offerings, in particular, are frequently of limited availability. A potential conflict of interest also may be perceived to arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of securities previously purchased by another account, or when a sale in one account lowers the sale price received in a sale by a second account. If the Adviser manages accounts that engage in short sales of securities of the type in which similar accounts invest, the Adviser could be seen as harming the performance of one account for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall.

The Adviser has established policies and procedures designed to manage the conflicts described above. The Adviser has allocation and order aggregation practices in place designed to achieve fair and equitable allocation and execution of investment opportunities among its client accounts over time and are designed to comply with the securities laws and other applicable regulations. See Item 12.B for a description of these practices. The Adviser monitors a variety of areas, including compliance with account guidelines, review of IPO and new issue allocation decisions, compliance with the Code of Ethics, and a review of any material discrepancy in the performance of similar accounts.

From time to time, the Adviser may have clients who, through the normal course of the investment process, may own different classes of securities by the same issuer. Consequently, in the event of default or bankruptcy by the issuer, the Adviser may be involved in negotiations on behalf of holders of

different classes of securities. As such, the Adviser will continue to act in the best interest of its clients, irrespective of the client's holdings and ability to recoup the value of their original investment.

The Adviser utilizes the services of affiliated pricing vendors for assistance with the pricing of certain securities. For additional information regarding affiliated pricing vendors see Item 10.C. In addition, securities for which market quotations are not readily available or for which market quotations are deemed to be unreliable, are fair valued in accordance with established policies and procedures. Fair value situations could include, but are not limited to:

- a significant event that affects the value of a security;
- illiquid securities;
- securities that have defaulted or are de-listed from an exchange and are no longer trading; or
- any other circumstance in which it is determined that market quotations do not accurately reflect the value of the security.

ITEM 12

Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Unless otherwise requested by a client or by the terms of the advisory contract, the Adviser ordinarily will have authority to determine, on behalf of its clients and without obtaining prior client consent, which securities to buy or sell, including the amounts thereof, the broker-dealer to be used to effect a securities transaction, and the commission rates to be paid to the broker-dealer. Unless otherwise requested, the Adviser selects the broker-dealer to implement transactions.

In selecting broker-dealers, the Adviser's primary objective is to execute all purchases and sales of the portfolio instruments at the most favorable prices consistent with best execution. In selecting brokers through which all purchases and sales of the portfolio instruments will be executed, the Adviser's primary consideration will be the broker's ability to provide best execution of trades. In making a decision about best execution, the Adviser considers all factors it deems relevant, including, but not limited to,

- brokerage commissions,
- dealer mark-ups,
- the timing of the transaction taking into account market prices and trends,
- the reputation, experience and financial stability of the broker-dealer involved,
- research provided by the broker-dealer, and
- the quality of services rendered by the broker-dealer in other transactions.

1. Research and Other Soft Dollar Benefits

The Adviser does not enter into soft dollar arrangements. However, the Adviser may receive or have access to research generally made available by a broker to its trading clients. In addition, the Adviser may consider the value-added quality of proprietary research received from brokers in allocating trades to brokers that may result in its clients paying higher rates of commissions to such brokers than might be available from other broker-dealers or through the use of alternative trading systems..

2. Brokerage for Client Referrals

The Adviser does not select broker-dealers in order to receive client referrals. The factors used by the Adviser in selecting broker-dealers in order to executed trades are described in Item 12.A.

3. Directed Brokerage

The Adviser does not recommend, request or require that clients direct transactions through a specified broker-dealer. Under certain conditions, the Adviser may accept written direction from a client, including those participating in separately managed account programs, to direct brokerage commissions from that client's account to specific brokers in return for services provided by the brokers to the client. A client

who directs the Adviser to use a particular broker-dealer, including a client who directs use of a broker-dealer as custodian of client's assets, should consider whether such a designation may result in certain costs or disadvantages to the client. Accordingly, the client should satisfy himself that the broker-dealer can provide adequate price and execution of transactions.

Clients who instruct the Adviser to direct trades for their accounts to one or more specific broker-dealers will limit the Adviser's ability to seek to obtain best execution for those trades, including more favorable prices and lower commissions or other transaction charges, from other broker-dealers or through alternative trading systems. Direction from the client may prevent the Adviser from aggregating orders for the client's account with those of other clients and seeking better prices and lower transaction costs that may be available for larger combined trade orders.

B. Order Aggregation

The Adviser may, but need not, aggregate or "bunch" orders for accounts over which it has investment discretion in circumstances in which the Adviser believes that bunching will result in a more favorable overall execution. Where appropriate and practicable, the Adviser will allocate such bunched orders at the average price of the aggregated order. The Adviser may bunch a client's trades with trades of other clients and with trades of pooled vehicles in which Adviser's personnel have a beneficial interest pursuant to an allocation process that the Adviser, in good faith, considers to be fair and equitable to all clients over time.

The Adviser has allocation and order aggregation practices in place that are designed to promote fair and equitable allocation and execution of investment opportunities among its client accounts over time and are designed to comply with the securities laws and other applicable regulations. The Adviser believes that these practices are designed to reasonably ensure that accounts are treated in a fair and equitable manner over time. In general, orders involving the same security within a reasonable time period are aggregated, consistent with the Adviser's duty of best execution for its clients. If aggregated trades are fully executed, participating accounts will be allocated their requested allotment on an average price basis.

With regard to equity securities, including public offerings that receive substantial interest and are frequently oversubscribed, partially completed orders generally will be allocated among participating accounts on a pro-rata average price basis, subject to certain limited exceptions. One such exception provides that if an allocation results in a de minimis allocation relative to the size of the account or its investment strategy, the allocation may be reallocated to other participating accounts.

The similarity of guidelines and objectives for many accounts in combination with thin markets, price volatility or lack of liquidity in the market may require that a block order be filled in multiple executions extending over several days. To promote fair and equitable allocation over time each account is allocated shares on a pro-rata basis to their original order.

ITEM 13
Review of Accounts

A. Frequency and Nature of Review of Client Accounts or Financial Plans

The Portfolio Management Committee regularly reviews each client account portfolio based upon, among other factors, the account's investment objectives, the account's investment guidelines and market conditions. In addition, all transactions for client accounts are subject to the following oversight: (1) the strategist reviews each account's portfolio transactions to ensure that they are consistent with the accounts' investment objectives and guidelines; (2) the trader reviews portfolio transactions to ensure the accurate input of securities transactions into the trading system; and (3) financial operations personnel review portfolio transactions with an emphasis on accurate processing, pricing and compliance with investment objectives and guidelines.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

In addition to regular reviews, account reviews may be triggered by a client request, compliance monitoring or a change in market conditions.

C. Content and Frequency of Account Reports to Clients

The Adviser provides regular written reports to clients that are tailored to the type of investments included in the client's account. Each of the Adviser's clients receives at least one of the following types of account reports:

- A monthly or quarterly portfolio holdings report that includes a description of each security, number of shares held, cost basis and current market values.
- A Statement of Transactions (typically quarterly), detailing account activity
- Monthly or quarterly performance reports are received by most clients.
- Quarterly and annual audited financial statements which include a portfolio overview, investment summary and schedule of investments.

Clients generally have the option of receiving these reports via postal mail or e-mail.

In addition, the Adviser typically meets with each client at least annually to review investment strategy, performance and administrative matters.

With respect to wrap fee program clients, the wrap fee program sponsor has primary responsibility for client contact and reporting.separately managed account

ITEM 14**Client Referrals and Other Compensation****A. Economic Benefits for Providing Services to Clients**

In connection with providing investment advisory services to its clients, the Adviser does not receive sales awards, prizes or other economic benefits from someone who is not a client.

B. Compensation to Non-Supervised Persons for Client Referrals

The Adviser has compensated, and may continue to compensate, affiliated and non-affiliated persons for client referrals in accordance with Rule 206(4)-3 under the Advisers Act. The compensation paid generally consists of a cash payment computed as a percentage of the Adviser's advisory fee, although other methods of computation may be used.

ITEM 15
Custody

SCRM generally does not have custody of its clients' assets. However, under Rule 206(4)-2 under the Advisers Act, the adviser may be deemed to have custody of client assets.

SCRM may be deemed to have custody of certain private funds for which it serves as managing member or general partner. Clients in such private funds will receive the fund's annual audited financial statements. Such clients should review these statements carefully. If clients in the private funds do not receive audited financial statements in a timely manner, then they should contact SCRM immediately.

SCRM has certain separately managed accounts where the Adviser is deemed to have custody of the client's assets because it or a related person holds client funds or securities either directly or indirectly. Clients will receive account statements at least quarterly directly from their broker-dealer, bank or other qualified custodian. Separately managed account clients may also receive Statements of Assets from the Adviser. Clients are encouraged to compare the account statements that they receive from their qualified custodian with those that they receive from the adviser. If clients do not receive statements at least quarterly from their qualified custodian in a timely manner, then they should contact SCRM immediately.

In the case of wrap programs where SCRM contracts directly with the wrap program client for services, SCRM may be deemed to have custody of such wrap program client's assets. In such case, the sponsor or a qualified custodian will send required periodic account statements to the wrap program client. The wrap program client should carefully review the custodian statements to ensure they reflect appropriate activity in the Wrap Program account. If clients do not receive periodic accounts statements from their qualified custodian in a timely manner, then they should contact SCRM immediately.

ITEM 16
Investment Discretion

The Adviser provides both discretionary and non-discretionary investment management services. When the Adviser accepts discretionary authority to manage the securities and other assets of client accounts, the Adviser's authority is set forth in an investment advisory, investment management or other written agreement with the client. The Adviser's discretionary authority is subject to the provisions of the agreement with the client, including the objectives and investment guidelines the client establishes for the account.

ITEM 17
Voting Client Securities

A. Policies and Procedures Relating to Voting Client Securities

If the Adviser has been appointed as discretionary investment manager for a client, the agreement between the Adviser and the client will usually grant the Adviser the authority to vote the proxies of the securities held in the client's portfolio. As a fiduciary, the Adviser must act in the best interest of the client including with respect to proxy voting activities. To ensure that the proxies are voted in the best interests of its clients, JPMAM has adopted detailed proxy voting procedures ("Procedures") pursuant to Rule 206(4)-6 under the Advisers Act that incorporate detailed proxy guidelines ("Guidelines") for voting proxies on specific types of issues.

Most routine proxy matters will be voted in accordance with the Guidelines, which have been developed with the objective of encouraging corporate action that enhances shareholder value. Because proxy proposals and individual company facts and circumstances may vary, the Adviser may not always vote proxies in accordance with the Guidelines.

The Adviser has retained an independent proxy voting service to vote in situations where a material conflict may exist. This includes voting any JPMC securities and shares of JPMorgan mutual funds held in any JPMAM client accounts.

In situations in which the Guidelines recommend a case-by-case analysis or where a vote contrary to the independent proxy voting service recommendation is considered appropriate, the Procedures require a certification and review process to be completed by appropriate investment professionals. That process is designed to identify actual or potential material conflicts of interest and ensure that the proxy vote is cast in the best interests of clients.

To oversee and monitor the proxy-voting process, JPMAM has established a proxy committee and appointed a proxy administrator in each global location where proxies are voted. The proxy committee is composed of a representative of the Proxy Administrator, senior business officers of the Adviser and representatives of each of the Legal, Compliance and Risk Management Departments. The proxy committee will meet periodically to review general proxy-voting matters, review and approve the Guidelines annually, and provide advice and recommendations on general proxy-voting matters as well as on specific voting issues.

In order to maintain the integrity and independence of the Adviser's investment processes and decisions, including proxy voting decisions, and to protect the Adviser's decisions from influences that could lead to a vote other than in the clients' best interests, JPMC (including Security Capital) adopted a Safeguard Policy, and established formal informational barriers designed to restrict the flow of information from JPMC's securities, lending, investment banking and other divisions to JPMAM investment professionals. Material conflicts of interest are further avoided by voting in accordance with the Adviser's predetermined Guidelines. Examples of material conflicts of interest that could arise include without limitation circumstances in which: (i) management of a Security Capital client or prospective client, distributor or prospective distributor of its investment management products, or critical vendor, is soliciting proxies and failure to vote in favor of management may harm Security Capital's relationship with such company and materially impact Security Capital's business; or (ii) a personal relationship between a Security Capital

officer and management of a company or other proponent of a proxy proposal could impact the Adviser's voting decisions.

Depending on the nature of the conflict of interest, the Adviser, in the course of addressing the conflict, may elect to take one or more of the following measures, or other appropriate action:

- Removing certain Adviser personnel from the proxy voting process;
- "walling off" personnel with knowledge of the conflict to ensure that such personnel do not influence the relevant proxy vote;
- Voting in accordance with the applicable Guidelines, if any, if the application of the Guidelines would objectively result in the casting of a proxy vote in a predetermined manner; or
- Deferring the vote to the Independent Voting Service, if any, that will vote in accordance with its own recommendation.

The resolution of all potential and actual material conflict issues will be documented in order to demonstrate that the Adviser acted in the best interests of its clients.

Clients may obtain a copy of JPMAM's Proxy Voting Procedures and information about how the Adviser voted the client's proxies by contacting their client service representative or financial adviser.

B. No Authority to Vote Client Securities and Client Receipt of Proxies

Some clients do not grant proxy voting authority to the Adviser, in which case the right to vote client securities is retained by the client or other designated person. In such situations the client will generally receive proxies or other solicitations from the client's custodian or transfer agent.

ITEM 18
Financial Information

A. Balance Sheet

Pursuant to SEC instructions, the Adviser is not required to include its balance sheet as part of this brochure.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

The Adviser is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

C. Bankruptcy Filings

The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.